CleanSpace®
RESPIRATORS

FULL YEAR FY23 RESULTS PRESENTATION

CLEANSPACE HOLDINGS LIMITED (ASX:CSX)

CleanSpace designs and manufactures innovative respiratory protection solutions for industrial & healthcare workers globally

We understand the importance of best-in-class personal protective equipment that not only performs, but allows the wearer to work comfortably and interact naturally in their work environment. Our products are designed for maximum compliance and comfort in industrial and healthcare settings.

AUGUST 2023

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AUTHORISATION

This presentation has been authorised for lodgement to the ASX by the CleanSpace Board of Directors.

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KEY POINTS

STRATEGIC OBJECTIVES RESET

- Focus on industrial sectors
- Healthcare targeted opportunities
- 6 Priority growth countries
- Right size the cost base
- New leadership team in place

ENCOURAGING RESULTS ALREADY

- Q4 Revenue growth +31% v PCP
- First 8 weeks of FY24 Revenue growth >30% v PCP
- Cost reductions $8m (annualised) now in monthly run rate
- Cash outflow slowed to ~$1m per quarter from Q4FY23
- New innovative products launched in Q3FY23

KEY POINTS

FY24 OBJECTIVES

- Potential for 30%+ revenue growth
- Gross Margin favourable v FY23
- Build recurring revenue streams
- Ongoing cost base optimisation
- Cashflow break even in some months
- Do not expect to raise capital in order to fund current operations

CleanSpace's business has been right-sized and we are seeing early signs of sales improvement led by a focus on our premium industrial products

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OVERVIEW – 2023 FULL YEAR

KEY HIGHLIGHTS

- Industrial sales +41% v PCP
- Healthcare sales significantly down v PCP
- Gross margin high at 70%
- Cost reduction program delivering annualised savings of ~$8m

LEADERSHIP

- Appointment of Graham McLean as permanent CEO in March 2023
- Promotion of Bree Greeff to Interim CFO in August 2023
- Potential appointment of a Non Executive Director with mining and industrial experience during H1 FY24

OVERVIEW – 2023 FULL YEAR

FINANCIAL RESULTS

Revenue

▪ Year:	$12.1m	(-9% on PCP)
▪ H2:	$6.4m	(+1% on PCP)(+11% v H1)
▪ Q4:	+31%	(v PCP)

Operating Expenses

▪ Year	$18.9m	(-20% v PCP)
▪ H2	$8.6m	(-25% v PCP)

Operating EBITDA loss

▪ Year	-$10.8m	(+$3.3m v PCP)
▪ H2	-$4.3m	(+$3.0m v PCP)

Cash in Bank at June 30 2023

▪ Year	-$12.1m cash outflow
▪ H2	-$4.3m

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FY23 FULL YEAR RESULTS SUMMARY

INDUSTRIAL REVENUE GROWTH

41 %

UP ON PCP

70%

GROSS MARGIN

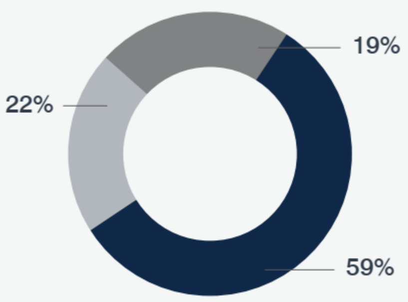
2

NEW INDUSTRIAL MODELS

48%

CONSUMABLES / ACCESSORIES SALES OF TOTAL SALES

REVENUE BY REGION FY23



Regional Sales:

- Europe up 28%
- North America up 10%
- Asia sales down 53%, driven by declining healthcare
- 4 countries 79% of sales (US, France, UK, Australia)
- Europe 59% of sales

Sector Sales:

- Industrial 41% growth globally, growth in all regions
- Industrial revenue contributed 93% of total sales
- Healthcare sales continued to reflect lower demand post pandemic

Consumable & Accessory v Units Sales:

- 48% of sales were Consumables & Accessories

Gross Margin:

- 70% remains high
- 73% in PCP due to higher margin healthcare sales

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STRATEGY RESET

As the post pandemic environment becomes clearer, we have reset our strategy.

We will drive sustainable growth with strong foundations and a fitter, leaner organisation by:

1. Core focus in industrial and mining sectors, which we know very well
2. Realign resources from healthcare to industrial, prioritise targeted healthcare opportunities
3. Focus on priority markets where CleanSpace has a presence and foundations for growth – France, US, Australia, UK, Germany, Nordics
4. Build recurring revenue streams with additional innovative services and solutions
5. Tightly manage costs and cash to align with business revenue

CleanSpace now offers compelling customer solutions using our disruptive and innovative technology

In FY23 we have:

- **Launched 2 new products:**
  - Significant technology improvement – battery, filter, lower weight
  - Bluetooth connectivity with CleanSpace Smart App
  - CleanSpace Smart Insights reporting & monitoring solutions
  - No other PAPR* provides these solutions
- **Increased pricing** on the new products by ~20%
- **Strengthened go to market networks** by adding 28 distributors, several sales agent partners in key markets and signing 2 GPO contracts in USA
- Demonstrated the **outstanding respiratory protection** provided by CleanSpace for users with all types of facial hair, as conducted by independent studies in Australia and UK
- Consolidated **regional sales leadership** under geographic rather than sector specific leaders – one for each of North America, Europe and APAC
- Deepened our commitment to **disruptive innovation** with additional solutions, features and programs to be launched in FY24

* PAPR: Purified Air Powered Respirator

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OPERATIONAL UPDATE – COMMERCIAL PROGRESS

- **The launch of 2 new products** caused soft sales in Q3 as distributors ran down inventory of old products
- Sales in Q4 recovered strongly with **growth of 31% v PCP**
- Development of key account relationships with recurring revenue models in place
- Healthcare remained challenged with continuing high levels of inventory in distributors and end users

Full Year Highlights by Region

EUROPE sales: $7.1m (+28% v PCP)

- Strong growth in UK, Nordics, Germany and France (all 20%+ growth)
- Opportunity to expand key distributor partners to pan-Europe basis
- New distribution partners in UK have increased coverage and penetration

NORTH AMERICA sales: $2.3m (+10% v PCP)

- 2 GPO deals and 2 other smaller contracts signed
- Large national industrial safety sales agency collaboration now established
- Large mining deal and a 3 year pharmaceutical company deal

ASIA sales: $2.7m (-53% v PCP)

- Australia industrial revenue +41%
- Development of several large industrial & mining account opportunities
- Japan healthcare distributor depleting high inventories

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OPERATIONAL UPDATE – COSTS & CASH

- Cost and Cash Management Initiatives have right sized the business to reflect our current sales patterns
- Annual costs 20% lower than PCP (-25% in H2) with annualised savings of ~$8m implemented in FY23

KEY INITIATIVES

- Headcount reduction of 45% since July 1 2022
- US Restructure – exit of US Vice President in January
- Efficiencies in back office and manufacturing costs, including reduced manufacturing footprint by 50%
- Self funding commercial investments and targeted marketing programs
- Focus on core markets to maximise resource & investment productivity
- Cost (opex) monthly run rate by June 2023 30% lower than PCP
- Continued actions on cost base and working capital in H2 and ongoing into FY24

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OUTLOOK

CleanSpace is committed to technology leadership to drive sales growth and financial performance as it provides ‘best in class’ premium respiratory protection for workers in high-risk settings.

Our Growth Drivers:

- ✓ Innovative new premium products
- ✓ Focus on Industrial sectors
- ✓ 6 Priority countries
- ✓ Higher margins, higher prices
- ✓ Recurring revenue streams
- ✓ New leadership team

Costs and Cash management:

- ✓ Cost base right-sized for FY24 leverage
- ✓ Careful management of cash whilst investing for growth

Early FY24 trading trends see continued momentum:

- ✓ Revenue growth in first 8 weeks >30% v PCP
- ✓ Cash outflow ~-$1m per quarter

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With at least 99.97% protection, silicosis is on notice.
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Free the way you breathe

FY23 INCOME STATEMENT SUMMARY

(A$m)	H1 FY23	H2 FY23	FY23	H1 FY22	H2 FY22	FY22	Change vs PCP F / U %
Revenue	**5.7**	**6.4**	**12.1**	**7.0**	**6.4**	**13.4**	**9 U**
Gross Profit	**4.0**	**4.4**	**8.4**	**5.3**	**4.5**	**9.8**	**14 U**
Employment costs	(6.8)	(5.5)	(12.3)	(6.3)	(7.4)	(13.7)	
Marketing and selling expenses	(1.2)	(1.1)	(2.3)	(2.7)	(1.4)	(4.1)	
R&D and IP expenses	(0.5)	(0.2)	(0.7)	(0.8)	(0.7)	(1.5)	
Other operating expenses	(1.8)	(1.8)	(3.6)	(2.2)	(2.0)	(4.2)	
Total Operating expenses	**(10.3)**	**(8.6)**	**(18.9)**	**(12.0)**	**(11.5)**	**(23.5)**	**20 F**
Operating EBITDA	**(6.3)**	**(4.2)**	**(10.5)**	**(6.7)**	**(7.1)**	**(13.4)**	
Share based payments	(0.2)	(0.1)	(0.3)	(0.1)	(0.2)	(0.3)	
EBITDA	**(6.5)**	**(4.3)**	**(10.8)**	**(6.8)**	**(7.3)**	**(14.1)**	**23 F**
Depreciation and amortisation	(0.5)	(0.5)	**(1.0)**	(0.5)	(0.5)	**(1.0)**	
EBIT	**(7.1)**	**(4.7)**	**(11.8)**	**(7.3)**	**(7.8)**	**(15.1)**	
Interest expense (net)	-	-	-	(0.1)	(0.1)	(0.2)	
Income tax benefit	2.4	1.3	3.7	2.0	2.0	4.0	
Net (loss) after tax	**(4.7)**	**(3.4)**	**(8.1)**	**(5.4)**	**(5.9)**	**(11.3)**	**28F**
Gross Margin	70%	70%	70%	75%	70%	73%	
EBITDA Margin	-114%	-66%	-89%	-97%	-116%	-105%	
EBIT Margin	-123%	-74%	-97%	-104%	-124%	-113%	

- Revenue down 9% over the year. H2FY23 up 11% on H1 FY23 and up 1% on H2 FY22
- Retained high gross margin (70% for full year)
- Total FY23 operating expenses down 20% on PCP:
    - Employment costs down 11% as headcount reduced
    - Marketing and selling expenses down 44% on FY22 due to reduction in fixed costs
    - R&D and IP expenses reduced due to timing of project spend
    - Other operating expenses reduced as a result of cost reduction program
- Depreciation and amortisation in line with prior year
- Income tax benefit includes R&D incentive

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FY23 SUMMARY BALANCE SHEET & CASH FLOWS

Summary Balance Sheet (A$m)	as at 30 Jun-23	as at 30 Jun-22
Cash, cash equivalents and term deposits	12.2	24.3
Trade and other receivables	3.4	2.5
Inventories	3.0	3.7
Income tax receivable	1.1	-
Other current assets	0.6	0.7
Property, plant and equipment	1.4	2.0
Right-of-use assets	1.0	1.4
Deferred tax asset	6.3	3.7
Total assets	**29.0**	**38.4**
Trade and other payables	1.2	2.5
Borrowings	2.8	2.5
Lease liabilities	1.2	1.6
Income tax liabilities	0.1	0.1
Employee benefits	0.9	1.2
Other liabilities	0.8	0.7
Total liabilities	**7.0**	**8.6**
Net assets	**22.0**	**29.8**

Summary Cash Flows (A$m)	1H FY23	2H FY23	FY23	FY22
Operating cash flows pre-financing and tax	(7.6)	(4.3)	(11.9)	(12.9)
Capital expenditure	-	-	-	(0.6)
Free Cash Flow	**(7.6)**	**(4.3)**	**(11.9)**	**(13.5)**

- Strong balance sheet with cash of $12.2m at 30 June 2023
- Focus on cash management and opex optimisation
- Trade receivables up in FY23 due to increase in Q4 FY23 sales compared to Q4 FY22
- Managing inventory down as supply chains stabilise
- Trade and other payables decreased due to cost management program
- No intangible assets
- Cash outflow in H2 FY23 much lower than H1 FY23 outflow

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